

**Remarks/Arguments**

The Office Action mailed October 25, 2011 has been reviewed and carefully considered.

Claims 1-4 and 6-10 have been amended. In the claims, the term 'frame' is replaced by the term 'picture'. Amended claims 1, 2 and 10 are clarified in that a definition for anchor pictures and non-anchor pictures is now included. No new matter has been added by these clarifying amendments. Claims 1-10 are now pending in this application.

Reconsideration of the above-identified application, as herein amended and in view of the following remarks, is respectfully requested.

**Claim rejections:**

Claims 1-2 and 10 stand rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 7,092,441 to Hui et al. (Hui).

For a claim to be anticipated under 35 U.S.C. §102, all elements of the claim must be found in a single prior art reference (see, e.g., Scripps Clinic & Research Found. V. Genentech Inc., 927 F. 2d 1565. 1576, 18 U.S.P.Q.2d 1001, 1010 (Fed Cir. 1991)). The identical invention must be shown in as complete detail is in contained in the claim (See MPEP 2131). The single prior art reference must disclose all of the elements of the claimed invention functioning in essentially the same manner (see, e.g., Chanklin Corp. v. Springfield Photo Mount Corp., 521 F.2d 609 (1<sup>st</sup> Cir. 1975)).

In asserting this rejection, the Examiner cites to Col. 6, lines 42-60 for showing applicant's claimed "assigning a target number..." step, and cites to Col. 7, lines 7-35 for showing applicant's claimed coding step. Applicant respectfully disagrees with the Examiner's interpretation of the teachings of Hui.

Contrary to the Examiner's statement, Hui clearly teaches in Col.6, lines 43-45 and equations (3) and (4), that an individual target bit value is assigned to each P frame and to each B frame, wherein usually P and B frames are non-anchor (i.e. non-reference) pictures.

Hui also clearly teaches in Col.7, lines 10-11 that the quantization step size of each macroblock in the P and B frames is calculated individually and will change within P and B pictures, because the quantization step size (and thereby the corresponding quantization parameter) depends on the buffer fullness, and the buffer fullness varies depending on the current macroblock content and resulting amount of code.

Applicants independent claims 1, 2 and 10 include features that are neither disclosed nor suggested by the teachings of Hui. More specifically, the claimed features of: no bit target number for non-anchor pictures and/or fixed quantization parameter for macroblocks in non-anchor pictures, which represent the gist of the invention, are clearly not disclosed by the teachings of Hui

In view of the above it is respectfully submitted the Hui fails to anticipate each and every claimed feature of the present invention. Reconsideration and withdrawal of the rejection is respectfully requested.

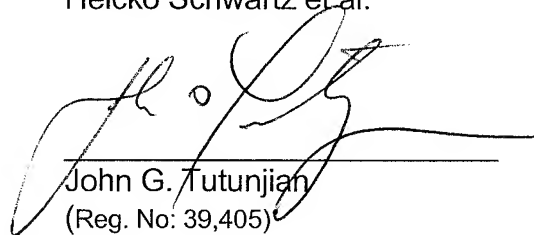
Claim 4-9 have been indicated as being allowable in the present action and are merely objected to as being dependent on a rejected base independent claim. In view of the above noted distinctions, it is believed that claims 4-9 remain in condition for allowance, and upon removal of the rejection of independent claim 1, all claims will be condition for allowance.

In view of the foregoing, Applicant respectfully requests that the rejections of the claims set forth in the Office Action of October 25, 2011 be withdrawn, that pending claims 1-10 be allowed, and that the case proceed to early issuance of Letters Patent in due course.

It is believed that no additional fees or charges are currently due. However, in the event that any additional fees or charges are required at this time in connection with the application, they may be charged to applicant's representatives Deposit Account No. 07-0832.

Respectfully submitted,

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